

Service Date: July 8, 2004

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER OF NORTHWESTERN)	UTILITY DIVISION
ENERGY, Application for Annual Review)	
of Interim Monthly Gas Cost Tracking)	DOCKET NO. D2004.6.88
Adjustments and Final Approval of Monthly)	
Interim Rate Changes)	ORDER NO. 6579

PRELIMINARY INTERIM ORDER

1. On June 1, 2004, NorthWestern Energy (NWE) filed before the Public Service Commission (PSC) an application for interim approval of proposed rates, to be effective for service on and after July 1, 2004.

2. NWE served notice pursuant to the Administrative Rules of Montana, Section 38.5.503, requesting an overall interim decrease in natural gas rates in this Docket to reflect Forecast Gas Costs, the Unreflected Gas Cost Account Balance and Gas Transportation Adjustment Clause (GTAC) Balance procedures. This interim request includes the use of monthly gas cost adjustments going forward. NWE requests that the proposed rates and monthly gas cost adjustments become effective for service on and after July 1, 2004.

3. The PSC has required that NWE's application be supplemented with exhibits properly reflecting the disallowance approved in the PSC's final order from Docket No. D2002.11.140, Order No. 6484c (July 3, 2003).

4. NWE has supplied the essential information required for PSC consideration of an interim approval of NWE-proposed rate changes, adjusted to reflect the previous disallowance. NWE is allowed to decrease its rates in accordance with their application as amended to reflect the disallowance.

5. The net adjustments approved result in the following:

- A decrease in gas costs from \$5.9314 per Dkt to \$5.9182 per Dkt.

- Refund of \$4,854,213 over collection in the Unreflected Gas Cost Account Balance consisting of an over collection of \$5,149,818 from July 1, 2003 to June 30, 2004 and an under collection of \$295,605 from the prior period. This over collection results in rates changing from a charge of \$0.33850 to a credit of \$(0.24770) for a total decrease of \$(0.58620) per Dkt.
- Recovery of \$1,158,485 GTAC Balance consisting of the GTAC booked balance of \$995,855 for the period ending April 30, 2004 and the unamortized balance of \$162,630 from the prior period.
- The typical monthly bill for a residential customer using 10 Dkt of natural gas will decrease \$(5.18) or (5.08%).

6. This is an interim order and does not bind the PSC in any fashion regarding determination in the final order.

Done and dated this 30th day of June, 2004, by a vote of 4-1.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

BOB ROWE, Chairman

THOMAS J. SCHNEIDER, Vice-Chairman

MATT BRAINARD, Commissioner

GREG JERGESON, Commissioner
(voting to dissent)

JAY STOVALL, Commissioner

ATTEST:

Connie Jones
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.